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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition period from _____ to _____

Commission File Number 33-20260

Farm & Home Financial Corporation

Delaware	**43-1471905**
(State or Other Jurisdiction of Organization)	(I.R.S. Employer Identification Number)

10100 N. Executive Hills Boulevard, Suite 400, Kansas City, MO 64153-1369
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(816) 891-7778**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _

The number of shares of Common Stock, $.01 par value, of the Registrant outstanding as of March 31, 1992 was 4,368,185 shares.

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FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
FORM 10-Q FOR QUARTER ENDED MARCH 31, 1992

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Dollar Amounts In Thousands, Except for Per Share Data)

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
Cash (includes interest-bearing deposits of $24,208 and $138,154 at March 31, 1992 and December 31, 1991, respectively)	$ 67,457	$ 174,302
Trading account securities (at fair value)	20,738	61,007
Investment securities (fair value of $97,959 and $97,485 at March 31, 1992 and December 31, 1991, respectively)	96,268	95,097
Loans held for sale	49,289	31,498
Loans receivable, net	1,784,035	1,751,420
Mortgage-backed and related securities (fair value of $1,312,739 and $1,393,672 at March 31, 1992 and December 31, 1991, respectively)	1,282,589	1,350,958
Accrued interest receivable	26,139	27,654
Income taxes receivable	1,880	1,597
Investments in real estate	47,108	50,027
Purchased mortgage servicing rights	41,832	40,128
Office properties and equipment	23,616	23,362
Other assets	26,998	30,874
TOTAL	$3,467,949	$3,637,924
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Savings deposits	$2,788,714	$2,828,284
Securities sold under agreements to repurchase	161,870	338,676
Advances from Federal Home Loan Bank and other borrowings	253,512	241,056
Advance payments by borrowers for taxes and insurance	66,659	40,633
Accrued income taxes payable	4,550	1,015
Other liabilities	22,863	24,149
Total liabilities	3,298,168	3,473,813
Stockholders' equity:		
Serial preferred stock ($.01 par value; 10,000,000 shares authorized; 1,526,049 and 1,557,115 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively)	15	16
Common stock ($.01 par value; 50,000,000 shares authorized: 4,388,185 and 4,354,119 shares issued and outstanding at March 31, 1992 and December 31, 1991, respectively)	44	44
Additional paid-in capital	81,672	81,640
Retained earnings	88,050	82,411
Total stockholders' equity	169,781	164,111
TOTAL	$3,467,949	$3,637,924

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(Dollar Amounts In Thousands, Except for Per Share Data)

	Three Months Ended March 31,	
	1992	1991
Interest income:		
Loans receivable	$42,370	$37,151
Mortgage-backed and related securities	28,649	34,779
Investment securities	1,852	4,161
Trading account securities	658	-
Cash and cash equivalents	2,034	1,609
Total interest income	75,563	77,700
Interest expense:		
Savings deposits	46,239	53,872
Securities sold under agreements to repurchase	3,996	3,032
Advances from Federal Home Loan Bank and other borrowings	4,702	5,106
Total interest expense	54,937	62,010
Net interest income	20,626	15,690
Provision for loan losses	892	608
Net interest income after provision for loan losses	19,734	15,082
Non-interest income:		
Loan servicing fees	1,718	2,050
Income from real estate operations, net	157	701
Gain on trading account securities, net	633	-
Gain on sales of loans held for sale	441	94
Gain on sales of loans and securities held in portfolio	-	894
Other	1,777	1,455
Total non-interest income	4,726	5,194
Non-interest expense:		
General and administrative expenses:		
Compensation and employee benefits	5,817	5,242
Advertising	101	117
Occupancy and equipment	2,570	2,281
Federal deposit insurance premium and assessments	1,661	1,673
Other	2,599	2,403
Total general and administrative expenses	12,748	11,716
Provision for real estate losses	1,956	2,276
Total non-interest expense	14,704	13,992
Income before income taxes	9,756	6,284
Income tax expense	3,451	2,164
Net income	$ 6,305	$ 4,120
Net income attributable to common shareholders	$ 5,965	$ 2,773
Earnings per share - primary	$ 1.32	$ 0.64
Earnings per share - fully diluted	$ 1.04	$ 0.53

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Dollar Amounts in Thousands, Except for Per Share Data)

	Preferred Stock		Common Stock		Additional Paid-in	Retained	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Earnings	Equity
Balance at December 31, 1991	1,557,115	$16	4,354,119	$44	$81,640	$82,411	$164,111
Issuance of common stock	-	-	3,000	-	31	-	31
Net income for the three months ended March 31, 1992	-	-	-	-	-	6,305	6,305
Dividends declared on common stock ($0.075 per share)	-	-	-	-	-	(326)	(326)
Dividends declared on Series B and C preferred stock ($0.15 per share)	-	-	-	-	-	(140)	(140)
Dividends declared on Series D and E preferred stock ($0.32 per share)	-	-	-	-	-	(200)	(200)
Exchange of series B preferred stock for common stock	(31,066)	(1)	31,066	-	1	-	-
Balance at March 31, 1992 (unaudited)	1,526,049	$15	4,388,185	$44	$81,672	$88,050	$169,781

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollar Amounts in Thousands)

	Three Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income	$ 6,305	$ 4,120
Adjustments to reconcile net income to net cash provided by operating activities:		
FHLB stock dividends	(666)	(683)
Provision for loan and real estate losses	2,848	2,884
Gain on sales of loans and securities held in portfolio	-	(894)
Gain on sales of real estate	(592)	(238)
Loss on sale of fixed assets	442	144
Depreciation and amortization	1,775	1,484
Change in operating assets and liabilities:		
Decrease in trading account securities	40,269	-
Increase in loans held for sale	(17,791)	(13,787)
Decrease (increase) in accrued interest receivable	1,515	(2,795)
Deferred income tax benefit	(283)	(835)
Increase in other liabilities	2,249	4,105
Net cash provided by (used in) operating activities	36,071	(6,495)
Cash flows from investing activities:		
Purchase of mortgage-backed and related securities	(22,724)	(190,062)
Purchase of investment securities	-	(50,256)
Purchase of stock in FHLB	(551)	(1,577)
Increase in loans receivable, net	(33,135)	(9,646)
Mortgage-backed and related security principal repayments	90,203	45,708
Sales of mortgage-backed and related securities	-	33,438
Other cash flows from investing activities	2,108	(522)
Net cash provided by (used in) investing activities	35,901	(172,917)
Cash flows from financing activities:		
Net increase (decrease) in savings deposits	(39,858)	66,507
Increase (decrease) in securities sold under agreements to repurchase	(176,806)	70,283
Decrease in other borrowings	(2,544)	(33,547)
Proceeds of advances from the Federal Home Loan Bank	85,000	12,000
Repayment of advances from the Federal Home Loan Bank	(70,000)	(28,000)
Repayment of long-term borrowings	-	(9,500)
Proceeds from issuance of common stock	31	-
Dividends paid	(666)	(1,535)
Net increase in advance payments by borrowers for taxes and insurance	26,026	7,719
Net cash provided by (used in) financing activities	(178,817)	83,927

(Statements of Cash Flows continued on following page)

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED), continued

(Dollar Amounts In Thousands)

	Three Months Ended March 31,	
	1992	1991
Net decrease in cash and cash equivalents	(106,845)	(95,485)
Cash and cash equivalents at beginning of period	174,302	187,465
Cash and cash equivalents at end of period	$ 67,457	$ 91,980
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$54,574	$57,405
Cash paid during the period for income taxes	200	-
Supplemental schedule of noncash investing and financing activities:		
Real estate acquired in foreclosure	$1,816	$4,481
Loans to facilitate sales of real estate	124	150
Stock dividends on series B and C preferred stock	-	138
Exchange of preferred stock for common stock	721	-

FARM & HOME FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements of Farm & Home Financial Corporation and subsidiaries ("Farm & Home") have been prepared in accordance with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments considered necessary to present fairly the consolidated financial condition, results of operations, and cash flows for all periods presented have been made.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles ("GAAP") have been condensed or omitted. The results of operations for the three months ended March 31, 1992, are not necessarily indicative of the operating results that may be expected for the year ending December 31, 1992.

In preparing the consolidated financial statements in accordance with GAAP, management is required to make certain estimates and assumptions that affect both the reported amounts of assets and liabilities as of the date of the statement of financial condition and revenues and expenses for the period. Actual results could differ significantly from those estimates and assumptions utilized in preparing the consolidated financial statements.

Material estimates that are particularly susceptible to significant change in the near-term relate to prepayment rate assumptions utilized in accounting for mortgage-backed and related securities and purchased mortgage servicing rights ("PMSRs"). In addition, material estimates also affect the determination of the allowance for losses on loans, real estate acquired through foreclosure and real estate held for investment or development.

2. Affiliation

The consolidated financial statements include the accounts of Farm & Home, its wholly-owned subsidiary Farm & Home Savings Association (the "Association") and the Association's wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

3. Earnings Per Common Share

Primary earnings per share are computed based on the weighted average number of common shares and, when dilutive, common share equivalents outstanding after giving effect to the reduction of earnings by the dividends paid or accrued on Farm & Home's serial preferred stock. Stock options are included as common share equivalents using the treasury stock method. The number of shares used in computing primary earnings per share was 4,529,542 and 4,343,516 for the three months ended March 31, 1992 and 1991, respectively. In the calculation of fully diluted earnings per share for the three months ended March 31, 1992 and 1991, Convertible Preferred Stock, Series B, C, D, and E, are assumed to be converted into common shares on a one for one basis from the beginning of the year, and earnings are not affected by the dividends paid or declared on such series. The number of shares used in computing fully diluted earnings per share was 6,072,223 and 5,900,631 for the three months ended March 31, 1992 and 1991, respectively.

4. Reclassification

Certain amounts for prior periods have been reclassified for comparative purposes to conform to the March 31, 1992 presentation.

SELECTED RATIOS AND OTHER DATA (UNAUDITED) (1):

	At or for the Three Months Ended March 31,	
	1992	1991 (2)
Dividends per common share	$0.075	$0.075
Dividend payout ratio (dividends per common share divided by primary earnings per share)	5.68%	11.72%
Return on average assets	0.70%	0.48%
Return on average stockholders' equity	15.06%	9.12%
Average stockholders' equity to average total assets	4.66%	5.23%
Expense coverage ratio (net interest income divided by general and administrative expenses)	161.80%	133.92%
General and administrative expenses as a percentage of average total assets	1.42%	1.36%
Number of branch offices	48	48
Number of agency offices	10	10
Number of employees (full-time equivalents)	698	659

(1) Percentages and ratios for the three-month interim periods are annualized.

(2) Certain ratios for prior periods have been recalculated for comparative purposes to conform to the March 31, 1992 presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Farm & Home is a Delaware-chartered savings and loan holding company, the principal asset of which is the capital stock of the Association, a Missouri-chartered stock savings and loan association. The Association was incorporated as a Missouri mutual savings and loan association in 1893, began doing business in Texas in 1919, and in Kansas in 1991. The Association converted to stock ownership in 1983. In October 1988, the formation of Farm & Home as the holding company for the Association was completed. The Association at quarter-end had 48 branch offices and 10 agency offices located in Missouri, Texas, and Kansas and several administrative offices. Farm & Home and the Association maintain their corporate headquarters in Nevada, Missouri, and their executive offices in Kansas City, Missouri.

Farm & Home, as a savings and loan holding company, and the Association are subject to regulation, examination and supervision by its primary regulator, the Office of Thrift Supervision ("OTS"), and the Federal Deposit Insurance Corporation ("FDIC"), which has "backup enforcement authority." The Association is a member of the Federal Home Loan Bank ("FHLB") of Des Moines, one of twelve regional banks constituting the Federal Home Loan Bank System ("FHLB System"). In addition to the extensive supervision and regulation by the OTS and the FDIC, the Association's Missouri operations and general corporate activities are subject to regulation by the Director of the Missouri Division of Savings and Loan Supervision, its Texas operations are subject to regulation by the Savings and Loan Commissioner of the State of Texas, and its Kansas operations are subject to the supervision of the Kansas Savings and Loan Commissioner. The Association is further subject to regulations of the Board of Governors of the Federal Reserve System ("FRB") governing reserves required to be maintained against deposits.

The Association was examined by the FDIC as of January 31, 1992. Farm & Home and the Association are presently undergoing an examination by the OTS as of March 31, 1992. Management believes that these examinations are routine in nature and are a result of the normal supervisory examination process. While the FDIC has not yet issued its examination report, its representatives met with the Board of Directors at the conclusion of the examination. The Board of Directors and management are not aware of any current recommendations by the FDIC and do not anticipate any recommendations by the OTS, specific to Farm & Home or the Association, that if implemented would have a material impact on Farm & Home's liquidity, capital resources, or operations. Additionally, the Association is currently undergoing an OTS consumer compliance examination. The OTS has a specialized set of consumer compliance examiners that focus on compliance with consumer regulations such as the Truth in Lending Law, Community Reinvestment Act, and Equal Credit Opportunity Act. Management is unable to determine at this time the outcome of this examination.

Farm & Home is a retail-oriented financial intermediary serving the savings and borrowing needs of individuals located throughout Missouri and in parts of Texas and Kansas. The mission of Farm & Home in conducting its business is to provide a safe and sound depository for its customers' savings, while seeking to maximize profitability through the controlling of expenses, and through the minimizing of credit and interest-rate risk exposure. While accepting certain levels of business risk is an inherent part of the thrift industry, Farm & Home is committed to controlling the credit, capital, liquidity, and interest-rate risks which are an integral part of its operations. The following discussion analyzes the financial condition and results of operations of Farm & Home.

Wherever it is stated herein that Farm & Home is or has been engaged in a certain business activity related to the savings and loan industry, it is meant, unless the context indicates otherwise, that it is so engaged through its wholly-owned subsidiary, the Association.

Financial Condition

Review of Balance Sheet

Consolidated assets of Farm & Home totaled $3.47 billion at March 31, 1992, representing a decrease of $170.0 million from the $3.64 billion reported at December 31, 1991. The cash provided by asset "run-off" was used primarily to repay borrowings and to fund deposit outflows.

Interest-earning assets, including trading account securities, are comprised of loans receivable, mortgage-backed securities ("MBS"), mortgage derivative securities, U.S. Government securities, stock in the FHLB of Des Moines, and interest-earning deposits. The components of this portfolio consisted of the following at March 31, 1992 and December 31, 1991.

	March 31, 1992	December 31, 1991
	(In Thousands)	
Loans receivable (including loans held for sale)	$1,833,324	$1,782,918
Mortgage-backed securities	1,139,108	1,216,945
Principal-only stripped securities	65,379	69,306
Interest-only stripped securities	41,607	44,124
Collateralized mortgage obligation residuals	15,850	16,960
Collateralized mortgage obligation bonds	20,645	3,623
U.S. Government and agency obligations	65,799	65,845
Stock in the FHLB of Des Moines	30,438	29,221
Trading account securities	20,738	61,007
Other (includes interest-bearing deposits)	24,239	138,185
Total	$3,257,127	$3,428,134

The increase in loans receivable and loans held for sale of approximately $50.4 million during the first quarter of 1992 is primarily due to the origination and purchase of $249.1 million in loans, partially offset by repayments of $144.5 million and the sale of $51.9 million in loans which were originated and held for sale. The Association's current strategy is to sell all whole mortgage loans purchased and originated that do not meet the Association's present targeted investment spread requirements. The total lending volume of $249.1 million for the first quarter of 1992 compares to $114.7 million for the first quarter of 1991. This increase was attributable to an increase in loan demand in the Missouri and Texas marketplace.

Mortgage-backed and related securities decreased approximately $68.4 million, to $1.28 billion at March 31, 1992 from $1.35 billion at December 31, 1991. The decrease is primarily due to principal payments of $90.2 million, partially offset by purchases of mortgage-backed and related securities of $22.7 million. Purchases consisted of $5.0 million of MBS issued by private issuers and $17.7 million of mortgage derivative products, i.e., collateralized mortgage obligation bonds. The privately issued MBS were rated "AA" or better by Moody's and/or Standard and Poors at the time of purchase. The Association has a "Mortgage Derivative Product Policy" which provides guidelines for the prudent management of mortgage derivatives. Management anticipates an increase in mortgage-backed and related securities through the purchase of new securities during the remainder of 1992. However, the Federal Financial Institutions Examination Council ("FFIEC") issued a revised supervisory policy statement in 1991, which was implemented by the OTS in February 1992, and which may impact the Association's ability to acquire and hold certain high-risk mortgage securities. The mortgage derivatives acquired by the Association in the first quarter of 1992 were purchased in January and as a result are "grandfathered" under OTS Thrift Bulletin No. 52.

The objective of the Association's trading account is to enhance earnings primarily by taking advantage of spread opportunities as well as inefficiencies and aberrations which may occur in the capital markets from time to time. Trading activity is initiated based upon an analysis of option adjusted spread differentials. Minimization of credit risk and interest rate risk is fundamental to the conduct of the trading activities. Credit risk is controlled primarily through

the purchase of investment grade securities. Interest rate risk is minimized by hedging with financial futures contracts and option contracts. All securities and hedging instruments held in the trading account are carried at fair value and are marked-to-market on a daily basis. As a result, realized and unrealized gains and losses on trading account securities and related hedging instruments are included in "Gain on trading account securities, net" in the consolidated statements of operations. The trading account decreased from $61.0 million at December 31, 1991 to $20.7 million at March 31, 1992 due to sales which took place in the trading portfolio during the first quarter of 1992.

Other interest-earning assets decreased approximately $113.9 million during the first quarter of 1992 as cash equivalents were used to fund deposit outflows and the repayment of borrowings.

Investments in real estate decreased $2.9 million from $50.0 million at December 31, 1991 to $47.1 million at March 31, 1992. See **"Asset Quality"** for further discussion related to the decrease in investments in real estate.

PMSRs increased $1.7 million from $40.1 million at December 31, 1991 to $41.8 million at March 31, 1992. This increase is primarily due to the purchase of $3.5 million of PMSRs during the first quarter of 1992, partially offset by amortization of the PMSR portfolio. Management anticipates additional acquisitions of PMSRs during 1992. See **"Liquidity and Capital Resources"** for discussion of regulatory limitations concerning the inclusion of PMSRs in regulatory capital.

The composition of interest-bearing liabilities at March 31, 1992 and December 31, 1991 is as follows.

	March 31, 1992	December 31, 1991
	(In Thousands)	
Savings deposits	$2,788,714	$2,828,284
Securities sold under agreements to repurchase	161,870	338,676
Advances from the Federal Home Loan Bank	185,000	170,000
Farm & Home Funding Corporation II CMO Bond	41,157	43,929
Subordinated Exchange Debentures Due 2016	26,664	26,619
Other borrowings		
Advance payments by borrowers for taxes and insurance	66,659	40,633
Total	$3,270,755	$3,448,649

Savings deposits decreased $39.6 million to $2.79 billion at March 31, 1992 from $2.83 billion at December 31, 1991. This decrease is a result of net deposit outflows partially offset by interest credited to deposits in the amount of $30.5 million. Although management anticipates maintaining deposits at their present level during the remainder of 1992, this may be difficult because as interest rates decline or remain at low levels customers look beyond traditional savings investment vehicles to other options which may yield higher returns.

Securities sold under agreement to repurchase consist of reverse repurchase agreements and dollar reverse repurchase agreements. These agreements decreased $176.8 million during the three months ended March 31, 1992 as excess cash and payments on loans and mortgage-backed securities were used to repay borrowings.

FHLB advances and other borrowings increased $12.5 million during the first quarter of 1992. This increase was primarily due to a net increase of $15.0 million of FHLB advances, due to the availability of relatively attractive, longer term borrowing rates which enhance the Association's interest rate risk profile (see **"Interest Rate Risk Management"**), partially offset by a $2.8 million decrease in the Farm & Home Funding Corporation II CMO Bond resulting from prepayments.

Advance payments by borrowers for taxes and insurance increased $26.0 million from December 31, 1991 to March 31, 1992 due to an increase in the number of loans being serviced and due to payments made for taxes from the borrowers' escrow accounts at December 31, 1991.

Asset Quality

The Association's lending strategies have traditionally focused on the origination of loans secured by single-family residences. At March 31, 1992 and December 31, 1991, permanent loans on residential one-to-four family residences comprised 90% of total loans outstanding. Single-family residential construction loans totaled 5% of total loans at March 31, 1992 and December 31, 1991. Commercial real estate loans, other residential real estate loans, development and construction loans, and other loans were 5% of total loans at March 31, 1992 and December 31, 1991.

Real estate acquired through foreclosure, net of allowances for losses, totaled $27.6 million and $30.2 million at March 31, 1992 and December 31, 1991, respectively. Approximately 96% of the real estate acquired through foreclosure at March 31, 1992 is located in Texas. Real estate held for development or investment, net of allowances for losses, totaled $19.5 million and $19.8 million at the same dates. Approximately 60% of the real estate held for development or investment at March 31, 1992 is located in Texas, with the balance located in Missouri. A detailed discussion of the changes in Farm & Home's investment in real estate follows later in this section.

Economic Concerns. A weakened economy and increased competition, have adversely impacted the asset quality of a majority of the institutions in the thrift industry, including the Association. The effects of the lingering recession have caused real estate values to continue to decline in many parts of the country. In addition, the combination of sales of a large volume of Resolution Trust Corporation ("RTC") owned assets along with a depressed national real estate market has impaired the value of assets of many thrifts and banks and curbed new lending opportunities. Until signs of stabilization or improvement are prevalent in the markets in which the Association operates, future effects of the economy and industry regulation may continue to impact the asset quality of the Association. The following discussions relate to the various components affecting the Association's asset quality as well as the changes that have occurred during the respective periods indicated.

Classification of Assets. An institution's problem assets are subject to classification in one of three categories: "substandard", "doubtful", and "loss". For assets classified "substandard" and "doubtful", the institution is required to establish prudent loss reserves in accordance with GAAP. Assets classified as "loss" must be either written off or supported by a 100% specific reserve. A category designated "special mention" must be established and maintained for assets not currently requiring classification but having potential weaknesses or risk characteristics that could result in future problems. An institution must develop an in-house policy to classify its assets, including investments in subsidiaries, on a regular basis and provide appropriate reserves on the basis of such classification. Each institution is required to specify, in the regular quarterly report it files with the OTS, the aggregate amount of its assets included in each of the classification categories and the amounts of its general and specific valuation allowances. The OTS has the authority to direct an institution, where appropriate, to increase its reserves on assets or maintain additional capital for assets classified as "substandard" or "doubtful".

The Association has established an Asset Classification Policy (the "Policy") which outlines and implements effective, comprehensive, and uniform procedures to provide for the early identification, analysis, and reporting of problem and potential problem assets. The Policy also sets forth the criteria by which these assets shall be classified and the methodology utilized to establish general and specific valuation allowances. The Association has an Asset Classification Committee which reviews, on a quarterly basis, all assets subject to specific review and classification, as identified by the Policy, to ensure that such assets are classified and accounted for in accordance with the Policy, regulatory classification requirements, and GAAP. In order to classify and value such assets, the committee uses information derived from independent appraisals, income statements and cash flow statements of income-producing properties, comparable sales analyses, sales contracts, physical inspections, and evaluations of micro and macro economic conditions. Appraisals are reviewed for the reasonableness of assumptions used in arriving at the value assigned by the appraiser. Income statements of income-producing properties are used to develop realistic assumptions (rental income, vacancy rates, maintenance expense ratios, and recent sales activity for real estate held for investment or development) for the calculations performed by the Association to ensure that such assets are properly valued.

The following table summarizes the Association's classified assets at March 31, 1992 and December 31 1991, respectively.

	March 31, 1992	December 31, 1991
	(In Thousands)	
Special Mention:		
1-4 family residential	$ 1,993	$ 1,456
5 or more family residential	988	998
Non-residential and other	395	2,367
Total	$ 3,376	$ 4,821
Substandard:		
1-4 family residential	$ 13,163	$ 13,948
5 or more family residential	4,538	3,846
Non-residential and other	47,415	48,696
Total	$ 65,116	$ 66,490
Doubtful:		
1-4 family residential	$ 684	$ -
5 or more family residential	-	5
Non-residential and other	3,471	3,123
Total	$ 4,155	$ 3,128
Loss:		
1-4 family residential	$ 584	$ 512
5 or more family residential	230	230
Non-residential and other	30,837	28,917
Total	$ 31,651	$ 29,659
Total classified assets	$104,298	$104,098

Overall, total classified assets increased only slightly. The increase in loans classified as "doubtful" was due to the inclusion of 10 one-to-four family loans at March 31, 1992. The increase in assets classified as "loss" is primarily due to $1.5 million in non-residential foreclosed real estate included in the category at March 31, 1992 which was classified as "substandard" at December 31, 1991.

Delinquencies. When a borrower fails to make a scheduled payment on a loan, the Association attempts to cause the deficiency to be cured by contacting the borrower. Telephone contacts are normally made after a payment is 19 days past due and in most cases, deficiencies are cured promptly. If the delinquency is not cured by the 30th day, further telephone or written contacts are made with the borrower and occasionally personal visits are scheduled with the borrower. If the delinquency continues for a period of 90 days, the Association initiates appropriate legal action to remedy the default, which may include commencing a foreclosure action. If a foreclosure action is initiated and the loan is not reinstated, paid in full, or refinanced, the property is sold in a proceeding at which the Association may be the buyer. The acquired property is then recorded at the lower of the loan balance or fair value and recorded in the Association's "real estate owned" account until it is sold. The Association infrequently may finance such sales with a "loan to facilitate," which usually involves more favorable borrowing terms than normally permitted by the Association's loan underwriting criteria. In both Missouri and Texas, property may be foreclosed after payments become more than 31 days past due by publishing or posting appropriate notices of foreclosure action during a subsequent period of 21 days. In Kansas, a judicial proceeding is required in order to foreclose on a property.

The following table summarizes the Association's loans delinquent for periods from thirty to ninety days and still accruing interest:

	March 31, 1992	December 31, 1991
	(In Thousands)	
30-59 days delinquent:		
1-4 family residential	$ 6,373	$ 9,164
5 or more family residential	988	-
Non-residential and other	2,840	15
60-89 days delinquent:		
1-4 family residential	2,814	2,390
Non-residential and other	11	33
Total delinquencies	$13,026	$11,602

The Association experienced an overall increase in delinquencies during the first three months of 1992. The decrease in one-to-four family loans which were 30-59 days delinquent was due to various construction loans which were past due for 30 days at December 31, 1991 while in the process of being formally extended. Either formal extensions were granted on these loans or they were repaid during the first quarter of 1992. The increase in non-residential loans which were 30-59 days delinquent was due to one land loan in Texas which became 30 days delinquent during March. The 5 or more family residential loan which was 30-59 days delinquent at March 31, 1992 had been on non-accrual status at December 31, 1991.

Non-Performing Assets. The Association places all mortgage loans on a "non-accrual" basis when contractually past due for 90 days or more. Certain construction loans may still accrue interest when they are past due for 90 days or more while in the process of being formally extended. When a loan is placed on a non-accrual basis, all accrued and unpaid interest on the loan is reversed and charged against current earnings. Loans are restored to accrual status only after the loan is brought current or to less than 90 days past due.

The following table presents information regarding non-performing assets for the periods indicated.

	March 31, 1992		December 31, 1991	
	(Dollar Amounts In Thousands)			
	Number	Amount	Number	Amount
Non-accrual loans:				
1-4 family residential	170	$ 9,185	162	$ 9,973
5 or more family residential	1	1,918	2	2,918
Non-residential and other	5	2,501	5	2,558
Past due 90 days and still accruing interest	6	556	7	627
Total non-performing loans	182	$14,160	176	$16,076
Real estate acquired through foreclosure (net of loss allowances)		$27,628		$30,167
Total non-performing assets		$41,788		$46,243
Total non-performing assets as percent of total assets		1.20%		1.27%
Total non-performing loans as a percent of total loans receivable		0.77%		0.90%

Non-accrual 5 or more family residential loans decreased due to a loan on which payments were received during the first quarter and is now reported in the 30-59 days delinquent category. See "Asset Quality-Real Estate Acquired Through Foreclosure" for a discussion of the change in real estate acquired through foreclosure.

Real Estate Acquired Through Foreclosure. The following table sets forth certain information regarding Farm & Home's real estate acquired through foreclosure prior to any allowance for losses for the periods indicated.

	Balance at 12/31/91	Additions	Reductions in Book Value Due to Sales	Balance at 3/31/92
		(In Thousands)		
Residential 1-4 family	$ 3,656	$ 781	$(1,131)	$ 3,306
Other residential	1,033	15	-	1,048
Commercial	29,173	-	(847)	28,326
Development and construction	21,815	237	(40)	22,012
Total	$55,677	$1,033	$(2,018)	$54,692

If an impaired loan meets certain criteria, it is then considered an in-substance foreclosure. The property is thereafter accounted for as real estate acquired through foreclosure until it is sold. Of net real estate acquired through foreclosure at March 31, 1992, approximately $236,000 is comprised of in-substance foreclosures. All of these in-substance foreclosures are located in Texas.

Real Estate Held for Investment or Development. Real estate held for investment and development decreased $236,000 from December 31, 1991 to March 31, 1992. The decrease is primarily due to individual lot sales in the Association's active real estate developments. The following table sets forth certain information regarding Farm & Home's real estate held for investment or development prior to any allowance for losses for the periods indicated.

	Balance at 12/31/91	Additions	Reductions in Book Value Due to Sales	Balance at 3/31/92
		(In Thousands)		
Partially developed and completed tracts of single family lots	$ 7,946	$ 27	$(670)	$ 7,303
Land held for development	16,383	232	(3)	16,612
Other	5,784	178	-	5,962
Total	$30,113	$437	$(673)	$29,877

The additions to real estate held for investment or development represent capitalized costs associated with the development of land into lots and not actual purchases of additional tracts of land.

Subsequent to March 31, 1992 a contract was signed for the sale of approximately 158 acres with a book value of $1.2 million in the Lakewood development located near Kansas City, Missouri.

Due to restrictions imposed by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), state chartered savings associations must divest of real estate investments and developments ("REI/RED") as quickly as can be prudently done, and in any event not later than July 1, 1994. In order to comply with this restriction, state chartered associations were required to submit a divestiture plan to, and have it approved by, the FDIC. The Association submitted a divestiture plan to the FDIC in 1990 which management believed complied with this requirement. During the third quarter of 1991, the Association received correspondence from the FDIC in response to its divestiture plan. In this correspondence, the FDIC directed the Association to accelerate and complete

its divestiture of all REI/RED, with one exception, by no later than December 31, 1992. With respect to the one exception, the FDIC approved the Association's request to defer divestiture until July 1, 1994. The correspondence indicated that the accelerated divestiture date could be extended at the discretion of the Kansas City Regional Director of the FDIC.

During the fourth quarter of 1991, the Association's management met with the FDIC to report on the progress of the Association's divestiture activity and to request extensions to the accelerated divestiture date. In April 1992, the Association received correspondence from the FDIC in response to the request for a modification of the accelerated divestiture date. In this correspondence, the FDIC denied the request for a modification of the divestiture dates to July 1, 1994 and responded to two alternatives, among those which are discussed below, that the Association may pursue to divest of such real estate by December 31, 1992.

The following are the alternatives which are currently considered possible outcomes for compliance with the December 31, 1992 divestiture deadline based on the FDIC's most recent correspondence. Additional alternatives may arise which are unknown at this time.

The first alternative would be for the Association to sell the REI/RED to Farm & Home, the holding company, at fair value. The second alternative would be for the Association to transfer the REI/RED to Farm & Home through a dividend in-kind. The third alternative would be for the Association to transfer the REI/RED, through a capital investment, to newly formed service corporation subsidiaries of the Association. This would require approval from both the FDIC and the OTS. In general, the Association's risk-based regulatory capital would increase under the first alternative and all three types of regulatory capital would decrease under the second and third alternatives; however, Farm & Home's consolidated financial statements would not be impacted under any of the above alternatives. The fourth alternative would be for the Association to sell all the REI/RED in the open market by December 31, 1992. Certain sales under the fourth alternative may occur under abnormal conditions due to the compressed timeframe for liquidation.

The net book value of the REI/RED subject to the accelerated divestiture deadline at April 30, 1992 was approximately $16.2 million and was supported by current market appraisals, comparable sale analyses, or by cash flow analyses (discounted at a market rate of return) that reflect appropriate values for normal market conditions which management believes would exist under alternatives one through three listed above. If the Association were to pursue the fourth alternative above under abnormal conditions, losses on certain of the properties will likely be realized to reflect the effects of the accelerated divestiture. Because management is unable to predict the economic environment, the condition of the real estate market, or the status of the individual properties, if any, which might be sold under these abnormal conditions, it is unable to quantify any potential loss associated with such sales. No adjustments to reflect this alternative have been made in the accompanying consolidated financial statements at March 31, 1992.

The Board of Directors and management are in the process of reviewing these alternatives and any others which may arise in order to comply with the accelerated divestiture deadline, and will choose the one or combination of several which provide the best economic solution while attempting to satisfy all parties involved, including Farm & Home, the Association, their regulators, and shareholders. Until such time when the Board decides on a method or methods for divestiture, the Association will continue to liquidate such REI/RED as economically feasible opportunities become available.

Provision for Loan and Real Estate Losses. The Association's policy is to maintain specific and general valuation allowances for losses on loans, real estate acquired through foreclosure and real estate acquired for investment or development at a level believed by management to be adequate to absorb losses inherent in the respective portfolios. On a quarterly basis, the Association performs an analysis of its loan portfolio and real estate as to risk, performance, value, and quality.

Management believes the allowances are maintained at levels considered necessary and prudent. Additions to the allowances are charged against current earnings. Management's judgment as to the adequacy of the allowances is based upon a combination of periodic appraisals of problem assets obtained when appropriate, past loss experience, condition of collateral, financial condition of borrower, income statements of income-producing properties, sales information, changes in the characteristics or size of the portfolio, geographic location, prevailing and expected

economic conditions or other risk factors deemed relevant. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Association's allowances for losses on loans and real estate. Such agencies may require the Association to recognize additions to the allowances based on their judgment about information available to them at the time of their examination.

The following table sets forth information regarding Farm & Home's allowance for loan losses for the periods and dates indicated.

	For the Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Balance at beginning of period	$4,096	$3,239
Provisions for losses	892	608
Charge-offs	(51)	(569)
Balance at end of period	$4,937	$3,278
Charge-offs during the period as a percentage of average loans outstanding for the period	.00%	.04%
Total allowance for loan losses to non-performing loans	34.87%	27.16%

The charge-offs of allowance for loan losses are primarily due to charge-offs of general valuation allowances upon foreclosure. For further discussion relating to provisions for losses on loans see **"Results of Operations - Provision for Loan Losses."**

A variety of factors, including the appreciation of real estate values, has historically limited Farm & Home's loss and delinquency experience on its real estate loan portfolio. In many areas of the country, the rate of such appreciation has slowed considerably in the past few years and, in certain areas, including Texas and other states where Farm & Home has made real estate loans, reported values (based on sales or offer prices) have declined. The economic conditions in Texas appear to have stabilized. However, because of previous economic conditions and other factors beyond Farm & Home's control, delinquencies or defaults may result in future declines in value resulting in additional valuation allowances.

The following table sets forth information regarding Farm & Home's allowance for losses on real estate acquired through foreclosure for the periods and dates indicated.

	For the Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Balance at beginning of period	$25,510	$21,258
Provisions for losses	1,812	769
Charge-offs	(258)	(387)
Balance at end of period	$27,064	$21,640
Total allowance for losses on real estate acquired through foreclosure to gross real estate acquired through foreclosure	49.48%	33.07%

The charge-offs of allowances for real estate losses are primarily due to charge-offs of general valuation allowances upon sale of foreclosed properties. For further discussion relating to provisions for losses on real estate acquired through foreclosure see "Results of Operations-Provision for Real Estate Losses."

The following table sets forth information regarding Farm & Home's allowance for losses on real estate acquired for investment or development.

	For the Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Balance at beginning of period	$10,253	$ 8,502
Provisions for losses	144	1,507
Balance at end of period	$10,397	$10,009
Total allowances for losses on real estate acquired for investment or development to gross real estate acquired for investment or development	34.80%	30.22%

For further discussion relating to provisions for losses on real estate operations see "Results of Operations - Provision for Real Estate Losses."

Results of Operations

Farm & Home recorded net income of $6.3 million for the first quarter of 1992 with primary and fully diluted earnings per share of $1.32 and $1.04, respectively, compared to net income of $4.1 million or $0.64 and $0.53 primary and fully-diluted earnings per share for the same period a year earlier. A description of the components of net income and the factors contributing to Farm & Home's operating results are provided as follows.

Net Interest Income

The earnings of Farm & Home depend primarily on the difference ("spread") between interest income from lending and investment activities and the effective interest cost of deposits and borrowings. Interest rate spread is affected by changes in the level of non-performing loans and foreclosed real estate, and it is also affected by various external factors, including national and regional economic trends governing general interest rates and related mortgage prepayment rates, changes in accounting rules, changes in federal legislation, loan demand, deposit flows and competition for deposit funds and mortgage loans. Net interest income improved 31% to $20.6 million for the three months ended March 31, 1992 from $15.7 million for the three months ended March 31, 1991. A detailed discussion relating to the increases in net interest income and the components thereof follows later in this section.

The following table contains information relating to Farm & Home's average consolidated statements of financial condition and reflects the weighted average yield on assets and weighted average cost of liabilities for the periods indicated. Such yields and costs are derived by dividing annualized interest income or expense by the weighted average balances of interest-earning assets or interest-bearing liabilities.

	Three Months Ended March 31,					
	1992			1991		
	Average Balance	Interest	Yield/ Cost	Average Balance	Interest	Yield/ Cost
	(Dollar Amounts in Thousands)					
Interest-earning assets:						
Loans receivable, net (1)	$1,794,401	$42,370	9.45%	$1,465,607	$37,151	10.15%
Mortgage-backed and related securities	1,325,551	28,649	8.65	1,492,231	34,779	9.32
Investment securities	95,419	1,852	7.85	200,248	4,161	8.36
Other interest-earning assets	197,231	2,692	5.51	102,520	1,609	6.35
Total interest-earning assets	$3,412,602	$75,563	8.86	$3,260,606	$77,700	9.54
Interest-bearing liabilities:						
Savings deposits (2)	$2,790,867	$46,239	6.60	$2,794,788	$53,872	7.70
Repurchase agreements	345,482	3,996	4.68	180,947	3,032	6.70
Advances from the Federal Home Loan Bank and other borrowings (3)	269,738	4,702	7.03	224,451	5,106	9.19
Total interest-bearing liabilities	$3,406,087	$54,937	6.44	$3,200,186	$62,010	7.77
Net interest-earning assets	$ 6,515			$ 60,420		
Net interest income		$20,626			$15,690	
Interest rate spread			2.42%			1.77%
Net interest margin (4)			2.42%			1.93%
Interest-earning assets as a percent of interest-bearing liabilities			100.19%			101.89%

(1) Average balances include non-accrual loans. Interest on such loans is included in interest income upon receipt.

(2) Adjusted for amortization of net deferred gains on financial futures contracts, net interest income (expense) on interest rate swaps, amortization of the premium paid for interest rate caps and floors, and for the income relating to interest rate floors which are "in the money".

(3) Average balances include advance payments by borrowers for taxes and insurance. Interest expense includes the related interest incurred.

(4) Net interest margin for each period indicated equals the annualized net interest income divided by the average interest-earning assets.

The following table sets forth information regarding the changes in the components of net interest income for the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to: (i) changes in rate (change in rate multiplied by prior year volume); and (ii) changes in volume (change in volume multiplied by prior year rate). The net change attributable to the combined impact of volume and rate has been allocated proportionately to the change due to volume and the change due to rate.

	Three Months Ended March 31, 1992 Compared to 1991 Increase (Decrease) Due to		
	Volume	Rate	Total
		(In Thousands)	
Interest income:			
Loans	$ 7,537	$(2,318)	$ 5,219
Mortgage-backed and related securities	(3,713)	(2,417)	(6,130)
Cash equivalents and investment securities	(190)	(1,036)	(1,226)
Total	3,634	(5,771)	(2,137)
Interest expense:			
Savings deposits	(75)	(7,558)	(7,633)
Securities sold under agreements to repurchase	1,444	(480)	964
Advance from the Federal Home Loan Bank and other borrowings	2,417	(2,821)	(404)
Total	3,786	(10,859)	(7,073)
Net interest income	$ (152)	$ 5,088	$ 4,936

Net interest income of $20.6 million during the quarter ended March 31, 1992 was $4.9 million greater than the same period a year earlier. Interest income decreased $2.1 million. An increase of $3.6 million in interest income was a result of a $152.0 million increase in the average volume of interest-earning assets. The decrease in the average yield on interest-earning assets to 8.86% from 9.54% caused a decrease in interest income of $5.7 million.

Interest expense decreased during the first quarter of 1992 by $7.1 million compared to the first quarter of 1991. A $3.8 million increase was due to a $205.9 million increase in the average volume of interest-bearing liabilities. The average rate paid on interest-bearing liabilities decreased to 6.44% for the first quarter of 1992 from 7.77% for the same period a year earlier resulting in a $10.9 million decrease in interest expense.

For a discussion relating to the changes in the volumes of interest-earning assets and interest-bearing liabilities see **"Financial Condition - Review of Balance Sheet."**

The decline in yields on interest-earning assets for the first quarter of 1992 is reflective of the overall decline in market interest rates and was also affected by various other factors. Yields on mortgage-backed and related securities were negatively affected during the first quarter of 1992 by increased amortization of net premiums paid for such securities due to increases in actual prepayments received, increased assumptions for future prepayments and due to interest rate repricings on variable rate securities. Due to historically low market rates of interest available on mortgage loans, management anticipates continued high levels of prepayments into 1992 as borrowers continue to refinance existing loans. If this trend continues, yields on loans and mortgage-backed and related securities may continue to be negatively affected in future periods.

The cost of interest-bearing liabilities decreased during the quarter ended March 31, 1992 due to the decline in market interest rates. The overall decrease in yields on deposits resulting from the decline in market rates was partially offset by the net impact of interest rate swaps and interest rate caps and floors used to hedge the interest expense of certain deposit accounts. The decrease in rates on securities sold under agreements to repurchase was also reflective of the decline in market rates. The decrease in the rates on FHLB advances and other borrowings was also affected by additional amortization of fees related to prepayments of principal on the senior bank debt during the first quarter of 1991. Additionally, the increase in escrow deposits over the prior period at zero or minimal interest rates has reduced the effective rate on other borrowings.

While the yields earned on interest-earning assets and rates incurred on interest-bearing liabilities have both declined during the quarter ended March 31, 1992, Farm & Home has experienced an increase in its interest rate spread. This is primarily the result of Farm & Home's "net long" asset position. This means that the duration of Farm & Home's assets is slightly longer than the duration of its liabilities. This "net long" asset position coupled with a steepening of the yield curve, in which short-term rates have decreased faster than long-term rates, has caused Farm & Home's liabilities to reprice lower at a faster pace than its assets and an increased interest rate spread has resulted. This "net long" asset position is considered in the Association's interest rate risk management strategy. For a discussion of the Association's overall interest rate risk management strategy see **"Interest Rate Risk Management."**

Provision for Loan Losses

A provision for loan loss is recorded when any significant decline in value or recoverability is deemed to have occurred, and includes provisions for general credit risks inherent in the loan portfolio. During the first quarter of 1992 and 1991, respectively, provisions of $892,000 and $608,000 were established as a result of the Association's Asset Classification Committee's analysis of the loan portfolio. This analysis includes such items as actual loan loss experience, current and anticipated economic conditions, and detailed analyses of individual loans for which full collectibility may not be assured. The analysis also includes a determination of the condition and fair value of collateral securing such loans. The provisions for the first quarter of 1992 were primarily to provide general valuation allowances for loans classified as substandard or doubtful for the first time and also in recognition of the increase in size of the loan portfolio. The provisions for the first quarter of 1991 were made to increase the level of general valuation allowances for loans classified as substandard, except one-to-four family residential, by the Asset Classification Committee. The 1991 provision also included a $300,000 provision, based on an updated collateral appraisal, for a multi-family real estate loan in Texas.

Non-interest Income

The following table presents information regarding non-interest income.

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Loan servicing fees	$1,718	$2,050
Income from real estate operations	157	701
Gain on trading account securities, net	633	-
Gain on sales of loans held for sale	441	94
Gain on sales of loans and securities held in portfolio	-	894
Other	1,777	1,455
Total non-interest income	$4,726	$5,194

Loan servicing fees net of amortization of PMSRs decreased $332,000 during the first quarter of 1992 when compared to the same period a year earlier. This net decrease is primarily due to increased amortization of the PMSRs. The Association amortizes PMSRs in relation to a current period's net servicing income as a percentage of total expected future servicing income. With the decrease in mortgage rates experienced in late 1991 and due to the historically low mortgage rates presently available on mortgage loans, prepayment rates have increased significantly. As prepayment rates accelerate, amortization increases due to less expected future servicing income. Therefore, future servicing income related to PMSRs may be adversely impacted by increases in actual prepayments received and increased assumptions for future prepayments.

Income from real estate operations decreased $544,000 for the three months ended March 31, 1992 compared to the three months ended March 31, 1991. The decrease is primarily attributable to a $1.0 million gain recorded during the first quarter of 1991 on the sale of a portion of one of the Association's real estate developments in Dallas, Texas. This decrease was partially offset by a $330,000 decrease in the holding costs associated with foreclosed real estate in the first quarter of 1992 due to a $10.7 million decrease in the volume of foreclosed real estate from $65.4 million at March 31, 1991 to $54.7 million at March 31, 1992.

The net gain on trading account securities is comprised of the change in market value of the portfolio from period to period, as well as the gains or losses on the financial futures contracts and option contracts hedging the portfolio. This line item does not include interest income on trading account securities or an allocation for interest expense. Management combines these components to evaluate the trading account against its stated performance objectives as outlined in the trading account policy. This account is marked-to-market on a daily basis. The trading account was established during the second quarter of 1991. See **"Financial Condition-Review of Balance Sheet"** for further discussion relating to the trading account.

Gain on sales of loans held for sale is a result of the sales of certain conforming whole mortgage loans and related servicing which were originated and held for sale. Additionally, this line item includes the gain or loss on the forward commitments used to hedge the Association's pipeline of unfunded loans held for sale. It is the Association's present strategy to sell all originations or acquisitions of those whole mortgage loans which do not currently meet the Association's targeted investment spread requirements. This strategy was implemented during the first quarter of 1991 and activity was limited during that period. Increased loan sales during the first quarter of 1992 account for the increased gains.

The net gain on sales of loans and securities held in portfolio of $894,000 for the quarter ended March 31, 1991 was comprised of (i) a net gain of $196,000 on the sale of all 15-year fixed-rate MBS held by the Association totaling $32.1 million, proceeds of which were reinvested into liquidity eligible assets; and (ii) a gain of $698,000 on the sale of all convertible adjustable-rate agency MBS held by the Association totaling $79.8 million which were sold as a result of a significant material adverse change in their actual and projected prepayment rates from those assumed at acquisition and because management believed that prepayments far in excess of those anticipated at the time of acquisition would likely prevail for the next several months thereby resulting in negative economic consequences. The Association's investment policy, in general, outlines certain conditions under which the Association may sell a security held in its investment portfolio.

Other Non-Interest Income

The following table presents information regarding other non-interest income.

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Loan fees	$ 559	$ 412
Checking account fees	321	205
Loss on disposition of office properties and equipment	(442)	(144)
Amortization of core deposit premiums	(169)	(143)
Management fees	18	448
Subsidiaries' other non-interest income	972	434
Other	518	243
	$1,777	$1,455

The increase in loan fees collected during the first quarter of 1992 is a result of an increase in late payment fees and various other loan fees collected due to the increased mortgage servicing portfolio in addition to more aggressive fee collection practices.

The increase in checking account fees is primarily due to an increased fee schedule implemented during 1991 for transaction accounts.

A loss on disposition of branch office properties and equipment was recorded during the first quarter of 1992 for the expected loss on planned future closing of two retail branches. During the first quarter of 1991, a loss of $146,000 was recorded on the sale of a branch office building in Dallas, Texas.

During the first quarter of 1991, $448,000 in management fees were collected from the RTC for conveyances managed on their behalf in connection with the servicing portfolio purchased from them in December 1990.

The increase in subsidiaries' income for the first quarter of 1992 was primarily a result of commission income received on increased activity of annuity sales through the Association's subsidiary, Consolidated Insurance Services, Inc.

The increase in other income during the first quarter of 1992 is primarily due to a $328,000 intangible tax refund which came as a result of a favorable court ruling on intangible taxes paid to the State of Missouri in prior years by the Association.

General and Administrative Expenses

The following table presents information regarding general and administrative expenses.

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Compensation and employee benefits	$5,817	$ 5,242
Advertising	101	117
Occupancy and equipment	2,570	2,281
Federal deposit insurance premium and assessments	1,661	1,673
Other	2,599	2,403
Total general and administrative expense	$12,748	$11,716

Compensation increased 11.0% to $5.8 million for the first quarter of 1992 from $5.2 million for the first quarter of 1991. This increase is attributable to additional employees who are performing mortgage loan origination and servicing functions as well as normal compensation increases for existing employees. There were 698 and 659 full-time equivalent employees at March 31, 1992 and 1991, respectively.

Occupancy and equipment expense increased $289,000 during the first quarter of 1992 primarily due to increased maintenance expense on data processing equipment.

Other General and Administrative Expenses

The following table presents information regarding other general and administrative expenses.

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Legal fees	$ 221	$ 105
Professional fees	508	610
Office expense	1,072	880
Expense reimbursements	249	216
Holding company and subsidiaries' other general and administrative expense	349	216
Other	200	376
	$2,599	$2,403

Legal fees increased during the first quarter of 1992 as compared to the first quarter of 1991 primarily due to fees paid in relation to acquisition and real estate matters.

The $102,000 decrease in professional fees was due to a decrease in advisory fees for former management employees partially offset by an increase in fees paid to outside consultants.

Office expense increased due to increased supplies and telephone expense primarily attributable to the expanded loan origination and servicing functions.

The increase in subsidiaries' other general and administrative expense is primarily due to the increased annuity activity in the Association's subsidiary, Consolidated Insurance Services, Inc.

During January 1991, a subservicer was used to service the PMSR portfolio purchased from the RTC in December 1990 at a cost of $138,000 which is included in other general and administrative expense.

Provision for Real Estate Losses

Provisions for real estate losses amounted to $2.0 million and $2.3 million for the three months ended March 31, 1992 and 1991, respectively. The 1992 provisions include $1.7 million primarily on four non-residential properties located in Houston, Texas and $125,000 on one-to-four family properties as well as $146,000 on real estate developments. The 1991 provisions include $550,000 on a real estate investment, $873,000 on a real estate development and an increase in the overall level of general valuation allowances on foreclosed real estate and real estate held for investment and development. This increase in general valuation allowances was a result of an evaluation of industry standards, current trends, changing portfolio characteristics, historical loss experience, and economic conditions. The Association will continue to monitor the adequacy of general and specific valuation allowances and may increase them in future periods if deemed necessary.

Income Tax Expense

Income tax expense was $3.5 million or 35.4% of pre-tax income and $2.2 million or 34.4% of pre-tax income for the quarters ended March 31, 1992 and 1991, respectively. These rates are reflective of the corporate federal income tax rates adjusted for the effect of permanent differences between income for tax purposes and income determined on a GAAP basis. No provision for Missouri savings and loan tax was recorded due to available Missouri intangible tax credits which are used to offset this tax. Depending on future earnings, such credits may be exhausted during 1992, and should this occur, the effective tax rate may increase. A provision for the income tax component of the Texas franchise tax has also been recorded.

The consolidated federal income tax returns for the calendar years 1979, 1980, 1981, and 1982 have been examined by the Internal Revenue Service ("IRS"), and certain adjustments to taxable income that were proposed by the IRS have been tentatively resolved by Farm & Home and the IRS at the Appeals Division of the IRS. Farm & Home signed a closing agreement reflecting the negotiated resolution of these adjustments in January 1992 and is awaiting IRS execution of the document. It is anticipated that it may take two to five months before the IRS executes the document. If the IRS approves the closing agreement as submitted, Farm & Home will realize between $3.0 million and $4.0 million of income primarily related to the successful settlement of an item which represents a permanent difference and for which no benefit has been previously accrued. Management anticipates that the IRS will sign the closing agreement as submitted. However, no adjustments relating to this agreement have been recorded in the financial statements for the three months ended March 31, 1992.

The consolidated federal income tax returns for the calendar years 1986, 1987, 1988, and 1989 have also been examined by the IRS and certain adjustments to taxable income have been proposed. Some of the proposed adjustments are IRS savings and loan coordinated industry issues, e.g., core deposit intangible, excess servicing, and interest rate swap terminations. In February 1992, Farm & Home filed its protest to many of the adjustments and is currently awaiting the beginning of the appeals process with the Appeals Division of the IRS. Management believes that the proposed adjustments will be resolved without any material impact on Farm & Home's operations.

Interest Rate Risk Management

Overview. Changes in interest rates can erode both spread income and the value of an institution's equity. Controlling interest rate risk is as vital to the financial health of an institution as is the management of credit risk. As is typical in the thrift industry, funding longer term assets with short-term liabilities produces a balance sheet in which asset values display greater sensitivity to interest rate shifts than do liabilities. This is because most thrift's liabilities are relatively short-term in nature and changes in interest rates are reflected in an institution's cost of funds within several months as the short-term liabilities mature and are replaced by new liabilities at current rates. In contrast, assets of an association are generally longer term in nature and reprice more slowly. Therefore, a rise in prevailing interest rates will decrease the value of assets by more than it increases the value of liabilities and consequently, absent any activities designed to mitigate interest rate risk, an association's value would suffer from an increase in interest rates.

The Association's interest rate risk management program focuses on reducing the sensitivity of net interest income and the market value of portfolio equity ("MVPE"), defined as the net present value of the Association's existing assets, liabilities, and off-balance sheet instruments, to changes in interest rates through prudent management of the balance sheet. The overall strategy of the Association's interest rate risk management program is to extend the duration of liabilities to approximate the duration of assets. No single asset/liability management technique will mitigate the entire interest rate risk exposure of the Association. Therefore, management attempts to reduce the overall interest rate risk exposure in the most cost efficient manner by employing internal duration matching (balance sheet structuring) and/or external duration matching (purchasing interest rate swaps, caps and floors). These hedging techniques are utilized for the purpose of fixing or favorably adjusting the interest cost of liabilities over the assumed life of the assets funded.

Internal Hedging Strategies. The most desirable method of reducing interest rate risk is through balance sheet structuring, assuming this can be achieved without significantly increasing exposure to other risks such as credit risk and basis risk. The duration of liabilities can be extended through balance sheet structuring by substituting longer term certificates of deposit, FHLB advances and various other longer term liabilities for shorter term liabilities such as securities sold under agreements to repurchase or short-term deposits. This strategy is employed by the Association when these alternatives are economically attractive. Additionally, the duration of assets may be reduced when shorter duration assets with satisfactory option and credit adjusted spreads can be substituted for longer duration assets in the portfolio.

Derivative mortgage-backed securities are used by the Association to obtain favorable yields and to hedge interest rate risk, but only after a thorough analysis has shown that they provide the required hedging characteristics. These securities reallocate the cash flows from mortgage pass-through securities thereby creating multiple classes of securities with different maturity and risk characteristics. The maturity and risk characteristics usually work to

effectively shorten the duration of the Association's assets. Association management has recognized the value of these instruments as both hedging vehicles and investments and has established a formal policy ensuring the prudent management of such securities.

External Hedging Strategies. If internal hedges are not available at attractive spreads and in sufficient quantities to reduce interest rate risk exposure to targeted levels, external hedging strategies are employed to synthetically adjust the duration of liabilities to more closely match that of assets. This external hedging strategy encompasses the use of financial instruments such as interest rate swaps and interest rate caps and floors. In choosing between financial hedging instruments with similar hedging benefits, management considers credit risk, transaction cost, market liquidity, accounting treatment, and pricing, including implied volatility of option contracts.

An interest rate swap is a contractual agreement between two parties to exchange cash flows based on a notional dollar amount of principal. These agreements typically provide for one party to make payments to a counterparty based on an index which reprices periodically over the contractual term of the swap while receiving a fixed rate of payment over the same time frame. The counterparty has the opposite obligation. Interest rate swaps are utilized to synthetically extend the duration of liabilities or to transform a fixed (floating) rate liability into a floating (fixed) rate liability that was otherwise unavailable in the market. Generally, the Association enters into swap agreements in which it agrees to pay a fixed rate payment and receive a variable rate payment. As a result, variable rates paid on the repricing of short-term deposits are offset by the variable rates received on the interest rate swap agreement. The fixed-rate paid on the swap agreement then becomes the effective fixed-rate on the notional amount of deposits hedged by the swap agreement.

The interest rate cap agreements the Association enters into are designed so that when the specified market interest rate exceeds the designated cap rate, the counterparty pays the Association the difference, usually on a quarterly basis for a specified period of time, based on the notional amount of the interest rate cap agreement. Interest rate caps work to fix the variable rates paid on the repricing of short-term deposits when those rates exceed the cap rate.

When the Association enters into an interest rate floor agreement, it purchases the right to receive payments if the specified market interest rate falls below the designated floor rate. Interest rate floors are used in combination with interest rate swaps so that as interest rates fall below the strike price of the floor, the cash inflows on the interest rate swap are converted in effect so that the net inflow on the swap/floor combination is a fixed-rate inflow for the repricing period and as long as the floor is "in the money." Therefore, the variable rates paid on short-term deposits once again become variable, in essence, and the Association is able to take advantage of current lower interest rates as these deposits reprice downward. However as the deposits reprice upward and exceed the strike price of the floor, the floor stops producing cash flows and the swap is again effective which causes the variable rate short-term deposits to effectively become fixed-rate deposits again.

When a cap or floor is not "in the money" it will continue to have some value due to the time and volatility value of the option. Interest rate caps and floors can be sold if the desired hedging goals can be met more economically or efficiently by utilizing another hedging strategy, or if they are no longer required as a hedging vehicle.

Measurement of Interest Rate Risk. Management of the Association is aware of the need to monitor the sensitivity of the investment portfolio even if all assets are duration matched with liabilities. The duration or elasticity of the Association will change as time passes and as the general level of interest rates change. Consequently, hedges must be rebalanced from time to time to maintain their effectiveness. Various methods are used to measure the impact of changes in the level of interest rates, the shape of the yield curve and interest rate volatility.

The Association uses "price elasticity" as the basis for interest rate risk management and control. Price elasticity is defined as the percentage change in the market value of a financial instrument resulting from a 100 basis point change in prevailing market interest rates. Duration is another term often used in a discussion of interest rate risk. Duration can be defined as the weighted average number of years until cash will be received on an asset or paid on a liability, using present value fractions as the weights. Usually an asset or liability with the longer time to maturity will have a longer duration.

Duration is useful in estimating the interest rate sensitivity of financial instruments whose cash flows are independent of prevailing interest rates, such as standard fixed-rate bonds. However, in determining the interest rate sensitivity of securities with prepayment options or adjustable rates, elasticity is a better measure than duration. For example, the sensitivity of an adjustable rate mortgage is dependent on the length of time to the next repricing of the adjustable rate and on the proximity of that rate to the annual and lifetime caps. Its sensitivity is less dependent on the weighted average life until the cash flows will be recovered. Therefore, elasticity is a measure which can be consistently and accurately applied to all financial instruments to determine interest rate sensitivity.

Interest rate risk management strategy is designed, implemented, and monitored under the direction of the Association's asset/liability committee ("ALCO"). ALCO uses the services of Association personnel and, to a limited degree, outside consultants to review economic data. ALCO considers the impact and magnitude of potential changes in the Association's MVPE and earnings over a wide range of interest rates. A risk sensitivity analysis is performed under the assumption of different interest rate scenarios before ALCO independently decides on a particular interest rate risk strategy.

The sensitivity of the Association's net interest income and MVPE to changes in interest rates is estimated as follows as of March 31, 1992:

	Estimated Changes In	
Interest Rates (1)	Net Interest Income (2)	Market Value of Portfolio Equity (3)
-4.0%	-14.7%	8.2%
-3.0%	-12.1%	7.6%
-2.0%	-8.9%	9.0%
-1.0%	-5.7%	7.0%
0.0%	0.0%	0.0%
1.0%	6.0%	-10.8%
2.0%	10.4%	-24.7%
3.0%	12.8%	-41.4%
4.0%	14.1%	-59.7%

(1) Interest rate changes are instant, sustained and parallel.

(2) Net interest income changes are expressed as a percentage of annualized projected net interest income for the next twelve months. This projected amount of net interest income for the next twelve months assumes no changes in March 31, 1992 interest rates.

(3) Market value of portfolio equity changes are expressed as a percentage of estimated pre tax market value of portfolio equity of $219.5 million at March 31, 1992, estimated with the assumption that there are no changes in March 31, 1992 interest rates.

The changes in market value of portfolio equity represent the present value of changes in future net interest income. The MVPE and 12-month net interest income calculation appear to move in opposite directions for changes in interest rates. Two basic reasons explain this difference. First, the average maturity of the Association's deposits is slightly less than one year, while most of its interest-earning assets are of a longer duration. As interest rates increase, interest income may not be adversely affected during the first 12 months since many deposits have not yet repriced. Subsequent periods would reflect lower income due to the higher rate paid on deposits and other interest-bearing liabilities as they reprice. Second, at higher rates, hedging expense through the use of interest rate swaps, caps and floors will decrease. This decline causes an immediate increase in net interest income. Much of this increase partially offsets losses in future periods subsequent to the maturity of the hedging instruments. The opposite occurs at lower rates.

Liquidity and Capital Resources

Liquidity management encompasses the maintenance of cash or liquid assets sufficient to fund the normal volume of deposit withdrawals and loan commitments. The maintenance of an appropriate level of liquid assets to meet not only regulatory requirements but also to provide the funding, if necessary, to meet the Association's business activities and obligations is an important part of managing the Association's assets.

Federal regulations currently require that an association maintain an average daily balance for each calendar month in cash and cash equivalents and certain marketable securities which are not encumbered, as determined by the Director of the OTS, of no less than 5% of net withdrawable accounts and borrowings payable on demand or maturing within one year or less. The liquidity requirements may be changed from time to time by the OTS to any percentage within the range of 4% to 10%. In addition, short-term liquid assets must constitute at least 1% of net withdrawable savings and short-term borrowings. For March 1992, the Association was in full compliance with these requirements and had a liquidity ratio of 5.56% and a short-term liquidity ratio of 5.54%.

Liquid assets, composed of cash, interest-earning deposits in other financial institutions, and investment securities amounted to $133.3 million at March 31, 1992, compared to $240.2 million at December 31, 1991. Certain investment securities owned are not considered eligible for liquidity requirements since they are pledged as collateral for certificate accounts, or otherwise encumbered for other purposes.

The primary sources of funds for the Association are principal and interest payments on loans and mortgage-backed and related securities, maturities of investment securities, customer deposits, advances from the FHLB of Des Moines, securities sold under agreements to repurchase, escrow deposits on loans serviced, and other borrowings. The Association attempts to utilize particular sources of funds based on comparative costs and availability. The Association generally prices its deposits to maintain a steady deposit base, but supplements deposits with alternative sources of funds when necessary.

The use of securities sold under agreements to repurchase may expose the Association to certain risks not associated with other sources of funds, including possible requirements to provide additional collateral in connection with such agreements and the possibility that such agreements may not be renewed. If for some reason the Association were no longer able to use securities sold under agreements to repurchase, it would be necessary for it to obtain an alternative source of short-term funds. No assurance can be given that such alternative source of funds would be available or, if available, would be an economically feasible substitute for such agreements. Further, it is not possible to determine with certainty the impact on the Association's operations should it no longer be able to utilize such agreements.

The Association had gross unrealized gains of $46.0 million and losses of $14.2 million on investment and mortgage-backed and related securities at March 31, 1992. Management believes these gross unrealized gains and losses will not have a significant impact on the Association's future income or liquidity because: (i) the Association relies on the factors stated in the previous paragraphs as its major sources of funds; (ii) the Association currently has the ability to hold these securities until maturity, and the intent to hold these securities under all reasonably foreseeable conditions; and (iii) the losses, if realized, would not be material to the Association's capital position.

As presented in the consolidated statements of cash flows, the sources of liquidity may vary from one period to the next. During the first quarter of 1992, cash flows from operating activities were reduced by the investment of funds in loans held for sale. Investing activities provided $35.9 million during the first quarter of 1992. The primary sources were principal payments on loans and mortgage-backed securities. These sources were partially offset by the origination and purchase of loans and mortgage-backed and related securities. The primary uses of funds in financing activities were a decrease in savings deposits and securities sold under agreements to repurchase. These cash outflows were partially offset by an increase in advance payments by borrowers for taxes and insurance, resulting in a net decrease in cash and cash equivalents during the three months ended March 31, 1992.

Farm & Home's liquidity is impacted by a regulatory restriction which currently limits dividend payments paid to it by the Association to 50% of the Association's surplus capital ratio over fully phased-in capital requirements at the beginning of a year plus 100% of the Association's year-to-date earnings as determined on a GAAP basis.

Farm & Home's stockholders' equity was $169.8 million as of March 31, 1992. At the same date, the Association's capital was $178.7 million, determined in accordance with GAAP. The Association is in compliance with the currently applicable tangible, core, and risk-based capital requirements. The following table presents the Association's capital levels at March 31, 1992, relative to current regulatory requirements.

	Regulatory Capital		Regulatory Capital Requirement		Excess Over Requirement	
	Amount	%	Amount	%	Amount	%
			(Dollar Amounts in Thousands)			
Tangible capital:	$173,504	5.02%	$ 51,811	1.50%	$121,693	3.52%
Core capital:	$176,181	5.10%	$103,702	3.00%	$ 72,479	2.10%
Risk-based capital:	$176,499	11.62%	$109,317	7.20%	$ 67,182	4.42%

As of March 31, 1992 the Association's regulatory capital, calculated in accordance with the fully phased-in 1994 regulatory capital requirements, exceeded such capital requirements as illustrated below:

	Regulatory Capital		Regulatory Capital Requirement		Excess Over Requirement	
	Amount	%	Amount	%	Amount	%
			(Dollar Amounts in Thousands)			
Tangible capital:	$171,822	4.98%	$ 51,775	1.50%	$120,047	3.48%
Core capital:	$174,499	5.05%	$103,631	3.00%	$ 70,868	2.05%
Risk-based capital:	$152,042	10.18%	$119,451	8.00%	$ 32,591	2.18%

The OTS is proposing to revise its risk-based capital regulation for savings associations to set forth the types of intangible assets that may be included in its tangible and core capital. This proposal also specifies the limits and discounts that would be applicable to such intangibles included in capital. The proposal is based on a tentative agreement on the treatment of intangible assets reached by the OTS, the FRB, the FDIC, and the Office of the Comptroller of the Currency (the "OCC").

Under this proposal, PMSRs and purchased credit card relationships ("PCCRs") would be defined as "qualifying intangible assets," and therefore could be included in core capital with certain limitations. The Association had approximately $41.8 million of PMSRs at March 31, 1992. For purposes of calculating regulatory capital, the amount of PMSRs reported as balance sheet assets would be limited to the lesser of 50% of core capital or the lesser of 90% of PMSRs' fair value, 90% of PMSRs' original purchase price, or 100% PMSRs' remaining unamortized book value. Under this approach, the amount required to be excluded from core and tangible capital would be the same. At March 31, 1992, the Association was in compliance with these limitations and could acquire approximately $46.3 million more of PMSRs and still be in compliance with the proposed capital requirements. The Association had no PCCRs at March 31,1992.

The OTS has in the past allowed certain core deposit intangibles ("CDIs") as qualifying intangible assets for purposes of determining regulatory capital requirements. However, because of its requirement under FIRREA to achieve a common interagency approach, the OTS is proposing to adopt the uniform interagency guidelines under which CDIs do not constitute qualifying intangible assets. This proposed rule would require CDIs to be deducted from an association's assets and capital. The OTS, however, is proposing to "grandfather" conservatively valued CDIs that result from transactions that are either in existence or under firm contract as of the effective date of the proposed rule. The Association had approximately $2.7 million of CDIs at March 31, 1992 which management believes would be "grandfathered" under this proposal.

The OTS has proposed a regulation to amend its capital rule on the core capital ratio requirement to reflect amendments by the OCC to the capital requirements for national banks. The proposal would establish a 3% core capital ratio for savings associations in the strongest financial and managerial condition. All other savings associations would be required to maintain core capital ratios of at least 4%.

In determining the amount of additional capital requirement in excess of 4%, the OTS will assess both the quality of risk management systems and the level of overall risk in each individual savings association through the supervisory process on a case-by-case basis. The OTS' supervisory judgment of a savings association's capital adequacy, both in terms of risk-based capital and the minimum core capital ratio, will continue to be based upon an assessment of the relevant factors present at each institution.

The Association's management anticipates that the Association will have to meet a minimum core capital requirement higher than the current 3% requirement. If this regulation is adopted as proposed, the Association believes that its current core capital excess will be reduced to approximately $37.9 million based upon a 4% requirement. Because of the proposed nature of this regulation and the case-by-case method of implementation of the regulation, the Association is not currently aware of its ultimate minimum core capital requirement.

PART II - OTHER INFORMATION

Item 1. Legal Information.

There are no material legal proceedings to which Farm & Home is a party.

The Association is a party to a number of other lawsuits and claims arising out of the conduct of its business. While the ultimate results of these lawsuits or other proceedings against the Association cannot be predicted with certainty, management does not expect that these matters will have a material adverse effect on the consolidated financial condition or results of operations of Farm & Home.

There have been no material developments with respect to any of the litigation involving the Association reported in Farm & Home's Annual Report on Form 10-K for the year ended December 31, 1991.

Item 2. Changes in Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:
11.1 Statement Regarding Computation of Per Share Earnings

15.1 Independent Auditors' Report of KPMG Peat Marwick dated April 23, 1992.

(b) Report on Form 8-K:
No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FARM & HOME FINANCIAL CORPORATION
(Registrant)

May 4, 1992

By _____
John Morton III
President and
Chief Executive Officer

May 4, 1992

By _____
J. Christopher Alstrin
Chief Financial Officer

May 4, 1992

By _____
Marc Woodward
Chief Accounting Officer

Exhibit 11.1
STATEMENT REGARDING COMPUTATION
OF PER SHARE EARNINGS
(In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	1992	1991
Primary earnings per common share:		
Net income	$ 6,305	$ 4,120
Deduct dividends on preferred stock	(340)	(1,347)
Net income applicable to common stock	$ 5,965	$ 2,773
Average number of common shares and common stock equivalents outstanding (1)	4,529,542	4,343,516
Earnings per common share - primary	$ 1.32	$ 0.64
Fully diluted earnings per common share:		
Net income	$ 6,305	$ 4,120
Deduct dividends on Series A preferred stock	-	(1,008)
Net income applicable to common stock	$ 6,305	$ 3,112
Average number of common shares and common stock equivalents outstanding (2)	4,546,174	4,343,516
Additional common shares issuable upon conversion of preferred stock	1,526,049	1,557,115
Average number of common shares and common stock equivalents outstanding, assuming full conversion	6,072,223	5,900,631
Earnings per common share - fully diluted	$ 1.04	$ 0.53

NOTE. See Note 3 to the consolidated financial statements for further explanation of this computation.

(1) Calculated using an average market price of common stock in applying the treasury stock method for options.
(2) Calculated using the higher of (a) an average market price of common stock, or (b) the ending market price in applying the treasury stock method for options.

KPMG Peat Marwick

Certified Public Accountants

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P.O. Box 13127
Kansas City, MO 64199

Telephone 816 474 6480
Telex 434364 PMMCOMO

Telecopier 816 556 2652

Exhibit 13.1

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Farm & Home Financial Corporation:

We have reviewed the consolidated statement of financial condition of Farm & Home Financial Corporation and subsidiaries as of March 31, 1992, and the related consolidated statements of operations and cash flows for the three-month periods ended March 31, 1992 and 1991, and the statement of stockholders' equity for the three-month period ended March 31, 1992, in accordance with standards established by the American Institute of Certified Public Accountants.

A review of interim information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted accounting standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated statement of financial condition of Farm & Home Financial Corporation and subsidiaries as of December 31, 1991, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 7, 1992, we expressed an unqualified opinion on those consolidated financial statements. That report contains an explanatory paragraph relating to a lawsuit in which Farm & Home Financial Corporation's subsidiary, Farm & Home Savings Association, is a defendant, and the likely outcome of which is not presently determinable. In our opinion, the information set forth in the accompanying consolidated statement of financial condition as of December 31, 1991 is fairly presented, in all material respects, in relation to the consolidated statement of financial condition from which it has been derived.

KPMG Peat Marwick

April 24, 1992
Kansas City, Missouri